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SUBJECT: ALLEGATIONS OF ALITALIA CODE SHARING AT LINATE

REF: STATE 55375

1. (SBU) SUMMARY: TRANSPORT MINISTRY DG FOR CIVIL AVIATION SANSONE TOLD ECONOFFS APRIL 28 THAT HE HAD INVESTIGATED THE ALLEGATIONS OF ALITALIA CODE-SHARING WITH OTHER EU CARRIERS OUT OF LINATE AIRPORT AND HAD FOUND NO EVIDENCE THAT THIS WAS TAKING PLACE. SANSONE HAD SPELLED OUT THE RULES FOR LINATE TO SENIOR ALITALIA OFFICIALS, AND WARNED THAT HE WOULD NOT TOLERATE VIOLATIONS. SANSONE RECALLED THE COMPLEX HISTORY OF THE LINATE/MALPENSA DIVISION OF TRAFFIC. NOW, HE ADDED, OTHER EU MEMBER STATE GOVERNMENTS WERE PUSHING HARD TO ELIMINATE RESTRICTIONS ON LINATE, TO THE DETRIMENT OF MALPENSA AS A HUB, TO ALITALIA, AND TO U.S. CARRIERS FLYING TO MALPENSA. END SUMMARY.

2. (SBU) ALDO SANSONE, TRANSPORT MINISTRY DIRECTOR GENERAL FOR CIVIL AVIATION, TOLD EMBOFFS APRIL 28 THAT HE HAD INVESTIGATED THE ALLEGATIONS OF ALITALIA'S CODE-SHARING WITH OTHER EU CARRIERS OUT OF LINATE AND HAD FOUND NO EVIDENCE THAT THIS WAS TAKING PLACE. SANSONE STATED THAT THE DOCUMENTS PROVIDED BY THE USG HAD, UPON INVESTIGATION, DEMONSTRATED ONLY THAT PASSENGERS COULD FIND CONNECTING FLIGHTS INTO AND OUT OF LINATE THROUGH OTHER EU CITIES. IN ORDER TO BE AS THOROUGH AS POSSIBLE, HOWEVER, SANSONE HAD SPOKEN TO SENIOR OFFICIALS AT ALITALIA AND ASKED THEM POINT BLANK WHETHER ALITALIA WAS CODE SHARING AT LINATE. AFTER ALITALIA DENIED CODE SHARING AT LINATE, SANSONE SAID HE THEN WARNED THAT HE WOULD NOT PERMIT IT IN THE FUTURE, AND WOULD SANCTION HARSHLY ANY VIOLATIONS.

3. (SBU) SANSONE RECALLED THE HISTORY OF THE LINATE/MALPENSA TRAFFIC DIVISION. BECAUSE OF OVERCROWDING AT LINATE, THE DECISION WAS MADE TO DIVIDE TRAFFIC BETWEEN THE CITY AIRPORT OF LINATE AND THE LARGER AIRPORT AT MALPENSA. INITIALLY, LINATE WAS TO HANDLE ONLY DOMESTIC ITALIAN TRAFFIC. THE OTHER EU MEMBERS PROTESTED, AND SO AN EFFORT HAD BEEN MADE TO FIND A DIFFERENT SOLUTION. CONSIDERATION WAS GIVEN TO ESTABLISHING A LIMIT ON FLIGHTS ACCORDING TO DISTANCE FROM LINATE, OR THE NUMBER OF PASSENGERS PER AIRLINE, AND SIMILAR FORMULATIONS. NONE OF THESE SOLUTIONS HAD PROVEN ACCEPTABLE. THE LOCAL AND REGIONAL AUTHORITIES HAD OPPOSED SOME; THE EU COMMISSION HAD OPPOSED OTHERS. FINALLY, THE GUIDELINES IN THE DECREE OF JANUARY 5, 2001, HAD ENTERED INTO FORCE. SANSONE CONDEDED THAT THESE RULES WERE NOT PERFECT; IN FACT THEY WERE VERY TROUBLESOME. HOWEVER, THEY WERE THE RULES IN PLACE AND REPRESENTED THE BEST SOLUTION THAT COULD BE FOUND.

4. (SBU) OTHER EU MEMBER STATES, INCLUDING THE UK AND GERMANY, WERE WORKING WITHIN EU CHANNELS TO ELIMINATE THE RESTRICTIONS AT LINATE, INCLUDING THE PROHIBITION ON CODE SHARING, NOTED SANSONE. SHOULD THESE EFFORTS BE SUCCESSFUL, IT WOULD MEAN SERIOUS PROBLEMS -- FAR TOO MUCH TRAFFIC AT LINATE FOR THAT AIRPORT TO SAFELY HANDLE, AND U.S. CARRIERS MORE OR LESS ISOLATED AT MALPENSA WITH ONLY A FEW OTHER TRANSCONTINENTAL CARRIERS.

5. (SBU) COMMENT: THIS IS THE LATEST IN A LONG HISTORY OF COMPLEX ISSUES INVOLVING THE LINATE/MALPENSA AIRPORTS IN MILAN. AT PRESENT, THERE ARE CLEARLY COMPETING INTERESTS AMONG U.S. CARRIERS: AMERICAN AND UNITED NO LONGER SERVE MILAN, BUT WOULD LIKE TO CODESHARE WITH EU CARRIERS THAT SERVE LINATE AIRPORT. SINCE THIS IS PROHIBITED, THEY WOULD LIKE TO SEE THE LIMITATIONS ON USE OF LINATE LIFTED FOR EU CARRIERS. DELTA AND CONTINENTAL, IN CONTRAST, FLY TO/FROM MALPENSA AND HAVE A STRONG INTEREST IN REINFORCING THIS AIRPORT AS A HUB, WHICH INCLUDES RETAINING LIMITATIONS ON USE OF LINATE BY EU CARRIERS. END COMMENT.

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